



Allied Health • Durable Medical Equipment and Medical Supplies

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Medi-Cal Training Seminars

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Policy Revisions to the 2005 HCPCS Update, Effective November 1, 2005

Medi-Cal policy for the 2005 Healthcare Common Procedure Coding System (HCPCS) National Level II codes was published in previous *Medi-Cal Updates*. The changes that follow are effective for dates of service on or after November 1, 2005.

Reimbursement Adjustments for Select Durable Medical Equipment and Prosthetic Appliance HCPCS Codes

Due to recent corrections to the Medicare rates for HCPCS codes E0971, E1038, E1039 and L5685, Medi-Cal reimbursement rates have also been adjusted. Claims paid for the following HCPCS codes for dates of service on or after November 1, 2005 will be automatically reprocessed.

<u>HCPCS Code</u>	<u>Rental Rate</u>	<u>Purchase Price</u>
E0971	\$ 4.34	\$ 43.39
E1038	18.03	216.36
E1039	34.20	410.40
L5685	N/A	80.66

HCPCS code L5685 is not reimbursable to podiatrists, and is limited to two in six months.

Reimbursement Restrictions for Power Wheelchair Accessories

HCPCS codes E2368 (power wheelchair component, motor, replacement only) and E2369 (power wheelchair component, gear box, replacement only) are not reimbursable when billed for the same month of service as code E2370 (power wheelchair component, motor and gearbox combination, replacement only).

This information is reflected on manual replacement pages dura cd 9 and 20 (Part 2) and ortho cd2 7 (Part 2).

2006 CPT-4/HCPCS Code Update Reminder

The 2006 updates to the *Current Procedural Terminology*, Fourth Edition, (CPT-4) and Healthcare Common Procedure Coding System (HCPCS) Level II codes become effective for Medicare on January 1, 2006. The Medi-Cal program has not yet adopted the 2006 updates. Do not use 2006 codes to bill for Medi-Cal services until notified to do so in a future *Medi-Cal Update*.

Provider Restrictions for O & P Reimbursement

Providers are reminded that effective for dates of services on or after October 1, 2003, only physicians, podiatrists, certified orthotists and prosthetists may be reimbursed for orthotic and prosthetic appliances. Codes with double asterisks (**) in the *Orthotic and Prosthetic Appliances: Billing Codes and Reimbursement Rates — Orthotics* section of the provider manual are also reimbursable to pharmacists.

New Diabetic Enteral Formula List of Contracted Products

Effective January 1, 2006, a new Maximum Acquisition Cost (MAC) will be established for diabetic enteral formula products.

The Department of Health Services (DHS) recently contracted with manufacturers of specific products for a MAC identified by National Drug Codes (NDCs). Providers may purchase these products at the MAC price beginning January 1, 2006. The MAC price applies only to those products that are dispensed to Medi-Cal recipients. Listed products are available for provider purchase beginning January 1, 2006 from at least one accessible source. An approved *Treatment Authorization Request* (TAR) is required for reimbursement.

During a two-month grace period from January 1, 2006 through February 28, 2006, reimbursement requirements will not change: providers may bill for previously authorized products or new, contracted and authorized products using the product NDC. This allows providers to dispense existing stock as needed, and begin purchasing and dispensing an inventory of the new contracted products for Medi-Cal recipients. Recipients denied continued use of a previously reimbursed benefit have the right to a fair hearing.

Effective for dates of service on or after March 1, 2006, only diabetic enteral formula products on the list of contracted enteral formula products will be reimbursed by Medi-Cal. Providers billing non-listed products with an approved TAR dated prior to March 1, 2006 will continue to receive payment until the TAR expires. Reimbursement for contracted items beginning March 1, 2006 will be the lesser of the MAC plus a 23 percent markup, or the acquisition cost plus a 23 percent markup. *This update is reflected on manual replacement page [reimbursement 2](#) (Part 2).*

The list of contracted enteral formula products is as follows:

Manufacturer

Nestle (00065) (Prior authorization always required.)

<u>Product Label Name</u>	<u>NDC</u>	<u>MAC Per ml</u>
Glytrol, Vanilla 250 ml	00065908570	\$0.00500
Glytrol, Ultra Pak 1000 ml	00065908672	0.00800
Glytrol, Ultra Pak 1500 ml	00065908673	0.00800

Novartis (00212) (Prior authorization always required.)

<u>Product Label Name</u>	<u>NDC</u>	<u>MAC Per ml</u>
BOOST Diabetic – Vanilla 237 ml	00212360162	\$0.00500
BOOST Diabetic – Chocolate 237 ml	00212360262	0.00500
BOOST Diabetic – Strawberry 237 ml	00212360362	0.00500
RESOURCE Diabetic TF 1.0 liter	00212355142	0.00800
RESOURCE Diabetic TF 1.5 liter	00212355244	0.00800
Diabetisource AC 250 ml	00212365051	0.00900
Diabetisource AC 1.0 liter	00212365142	0.01000
Diabetisource AC 1.5 liter	00212365244	0.01000

*Please see **New Diabetic Enteral Formula**, page 3*

New Diabetic Enteral Formula (*continued*)

Ross (70074) (Prior authorization always required.)

<u>Product Label Name</u>	<u>NDC</u>	<u>MAC Per ml</u>
Glucerna Liquid – Vanilla 237 ml	70074050241	\$0.00500
Glucerna Liquid RTH 1000 ml	70074051207	0.00800
Glucerna Liquid RTH 1500 ml	70074052603	0.00800
Glucerna Select Liquid 237 ml	70074057702	0.00900
Glucerna Select Liquid RTH 1000 ml	70074057704	0.01000
Glucerna Select Liquid RTH 1500 ml	70074057706	0.01000

Providers are reminded that enteral formula is reimbursable when used as a therapeutic regimen to prevent serious disability or death for recipients with medically diagnosed conditions that preclude the use of regular food.

This information is reflected in the new manual section enteral (Part 2).

Incontinence Medical Supply Addition

Effective for dates of service on or after January 1, 2006, the following SCA Personal Care, Inc. (formerly SCA Hygiene Products) products have been added to the Medi-Cal list of contracted incontinence medical supplies.

<u>Description/Size</u>	<u>Manufacturer Stock Number</u>	<u>Medi-Cal Billing Code</u>
Small		
TENA	66150	9997T 2H
Medium		
Dry Comfort Extra	385	9997W 2H
Dry Comfort Extra	68117	9997W 2H
Dry Comfort Extra	67713	9997W 2H
Dry Comfort Extra	68115	9997W 2H
TENA Super	68123	9997W 2H
Large		
TENA Classic Plus	68116	9997Y 2H
X-Large		
TENA Classic Plus	68118	9907M 2H
TENA Classic Plus	67914	9907M 2H

Providers are limited to dispensing no more than 200 youth and small briefs, per recipient, in a 27-day period; no more than 192 medium, regular and extra large briefs, per recipient, in a 27-day period; and no more than 216 large briefs, per recipient, in a 27-day period. Quantities exceeding this limitation require prior authorization. This reimbursement limitation is notwithstanding the existing \$165 limit per month, per recipient, for all incontinence supplies.

Providers may purchase these products beginning December 1, 2005. To avoid denials of claims, providers may not dispense these products or bill Medi-Cal before January 1, 2006.

This information is reflected on manual replacement pages incont lst 2, 9, 11, 15 and 17 (Part 2).

Transition Billing Period for Incontinence Medical Supplies

Effective for dates of service on or after January 1, 2006, the list of adult briefs reimbursed by Medi-Cal is updated to reflect new contracts with manufacturers of incontinence supplies. As announced in the September 2005 *Medi-Cal Update* (Bulletin 615), starting on October 1, 2005, providers may purchase products from the new list, but are not to bill Medi-Cal for these products for dates of service before January 1, 2006.

To allow providers more time to adjust their inventories, a transition billing period from January 1, 2006 through January 31, 2006 is established. During this transition period, providers may bill for both old and new incontinence supply adult briefs.

This extension will delay the discontinuation of local level billing codes for the new list of adult briefs, and allow the continuation of claim submissions for unlisted products for one month, using billing codes 9907K, 9907M, 9997Q, 9997T, 9997W and 9997Y.

Unlisted adult brief products will no longer be Medi-Cal benefits after January 31, 2006.

Reimbursement for adult briefs on the current incontinence supplies list will continue at the current rate for dates of service on or before January 31, 2006, except for those products that carry over from the current list to the new list and that have new reimbursement rates. New reimbursement rates for these products will be effective for dates of service on or after January 1, 2006. Effective February 1, 2006, products removed from the list will no longer be Medi-Cal benefits.

Also effective January 1, 2006, providers are limited to dispensing no more than 200 youth and small briefs, per recipient, in a 27-day period; no more than 192 medium, regular and extra large briefs, per recipient, in a 27-day period; and no more than 216 large briefs, per recipient, in a 27-day period. Quantities exceeding this limitation require prior authorization. This reimbursement limitation is in addition to the existing \$165 limit per month, per recipient, for all incontinence supplies.

Providers may dispense 540 grams of incontinence creams and 960 cc of washes to recipients who have reached the quantity limit, and bill Medi-Cal after waiting 27 days instead of 30 days.

Note: Providers risk claim denial if they dispense products appearing on the new list before January 1, 2006. The Department of Health Services will allow additional sizes of disposable adult briefs that are not included in the contracts to be billed to Medi-Cal with a *Treatment Authorization Request* (TAR), using a new miscellaneous incontinence billing code of 9999B.

Providers should retain the replaced manual pages from the *Incontinence Medical Supplies Product List* section as reference for submitting claims with dates of service on or before January 31, 2006.

This information is reflected on manual replacement pages incont lst 3 thru 17, 29 and 30 (Part 2).

Provider Alert for Urinary Intermittent Catheters with Attached Collection Bags

Medi-Cal policy implemented on October 1, 2005 restricts reimbursement for urinary intermittent catheters with attached collection bags to listed products only. Unlisted products will not be reimbursed, even when billed with a *Treatment Authorization Request* (TAR). During the implementation of the contracted product list, if a substitution of a recipient's intermittent catheter product is necessary, the Department of Health Services (DHS) will depend on the provider's sound clinical practices to assure that affected Medi-Cal recipients experience the least amount of clinical impact as possible. When product substitutions are necessary, providers are encouraged to consult with the physician and the recipient in order to assess the most medically appropriate alternative product for the recipient.

Providers are reminded that purchasing practices enacted solely to artificially inflate claims submitted to DHS constitute fraudulent activity and may lead to investigation by DHS. Providers are discouraged from entering into business relationships that exist solely to generate inflated invoices or other documentation used to submit artificially inflated claims.

New Authorized Foley Catheters Manufacturer

Effective for dates of service on or after January 1, 2006, Mentor Corporation (manufacturer billing code NR) has been added to the list of authorized manufacturers of Foley Catheters. All other unlisted manufacturers of Foley Catheters must be billed under code 9999A and require prior authorization.

This information is reflected on manual replacement page mc sup lst4 5 (Part 2).

Diabetic Medical Supply Addition

Effective for dates of service on or after January 1, 2006, the following Hypoguard USA-contracted diabetic supply has been added to the *Medical Supplies List* section.

<u>Description</u>	<u>Billing Code</u>	<u>Bill Quantity in Total Number of Kit</u>
New Tek Blood Glucose System (100-ct)	08480450100	

Test Kits are limited to no more than two per dispensing/claim with a therapy duration limit of four dispensings in 90 days, per recipient, without prior authorization.

This product is reimbursable to Pharmacy providers only, and must be billed using the Point of Service (POS) network, Computer Media Claims (CMC) or paper.

This information is reflected on manual replacement page mc sup lst1 18 (Part 2).

Provider Certification Statement Requirement Clarification

Providers were informed in the October 2005 *Medi-Cal Update* (Bulletin 617) to submit a self-certification statement when filing medical supply claims with invoices that may contain hidden charges. Providers are not required to include this certification for every invoice, only for claims with invoices that contain statements mentioning added charges, fees, cost to invoice prices, or otherwise state that charges or fees included for the invoice may be hidden.

To clarify, that statement may be typed, printed, or stamped onto the invoice, or otherwise attached to the claim.

The statement must be written exactly as follows:

“I certify that I have properly disclosed and appropriately reflected a discount or other reduction in price obtained from a manufacturer or wholesaler in the costs claimed or charges on this invoice identified by item number _____ as stated in 42 U.S.C. 1320a-7b(b)(3)(A) of the Social Security Act and this charge does not exceed the upper billing limit as established in the *California Code of Regulations*, Title 22, Section 51008.1 (a)(2)(D).”

This information is reflected on manual replacement page mc sup 3 (Part 2).

New Utilization Controls for Sexual and Erectile Dysfunction Drug Benefits

On October 20, 2005, President Bush signed federal legislation (HR 3791) eliminating Medicaid and Medicare payment for drugs when used for the treatment of sexual or erectile dysfunction. This legislation applies to coverage of drugs dispensed on or after January 1, 2006 for the Medicaid program and January 1, 2007 for the Medicare program.

Therefore, effective for dates of service on or after January 1, 2006, Medi-Cal will not cover drugs when used for the treatment of sexual or erectile dysfunction. Medi-Cal will only cover these drugs when they are used to treat a condition other than sexual or erectile dysfunction, for which the federal Food and Drug Administration has approved the drugs. This policy affects beneficiaries of both the Medi-Cal Fee-For-Service and Managed Care Plans. Medi-Cal will not approve *Treatment Authorization Requests* (TARs) for drugs when used to treat sexual or erectile dysfunction.

New CCS Service Code Grouping 09 for Chronic Dialysis Clinics

Chronic Dialysis Clinics are identified with unique Service Code Grouping (SCG) 09 to facilitate the diagnosis and treatment of California Children's Services (CCS) clients, effective retroactively for dates of service on or after July 1, 2004. SCGs allow providers to submit a single code on a Service Authorization Request (SAR) that represents a wide range of services. If the SAR is approved, all codes in the Service Code Grouping identified on the SAR are reimbursable.

The updated information is reflected on manual replacement page cal child ser 22 (Part 2).

CCS Service Code Groupings Update

A number of codes have been added and deleted from the Service Code Grouping (SCG) tables for the California Children's Service (CCS) program. In addition, for provider convenience each added or deleted code is accompanied by a symbol that relates directly to each code's effective date. Codes with a † have an effective date of October 18, 2004, while codes with a †† have an effective date of November 1, 2005. Codes without a symbol are effective July 1, 2004. Codes marked for deletion also have a line through each code.

The updated information is reflected on manual replacement pages cal child ser 1, 3 thru 17 and 20 (Part 2).

Instructions for Manual Replacement Pages

Part 2

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Remove and replace: *Contents for Durable Medical Equipment and Medical Supplies Billing and Policy iii/iv **
cal child ser 1 thru 22
dura cd 9/10, 19/20

Insert new section
after *Durable Medical
Equipment (DME):
Billing Examples:*

enteral 1/2

Remove and replace: hcfa comp 13/14 *
hcpcs iii 3/4 *

Remove: incont lst 1 thru 29
Insert: incont lst 1 thru 30 (*new*)

Remove and replace: mc sup 3/4

Remove: mc sup ex 7/8
Insert: mc sup ex 7 thru 9 * (*new*)

Remove and replace: mc sup lst1 17/18
mc sup lst4 5/6
medi non hcp 1 thru 3 *
modif app 1 thru 7 *
ortho cd2 7/8
respir 3/4 *

* Pages updated due to ongoing provider manual revisions.